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Report on the activities of the Office of Internal Oversight Services

Activities of the Office of Internal Oversight Services for the period from 1 July 2015 to 30 June 2016**

Report of the Office of Internal Oversight Services

Summary

The present report is submitted in conformity with General Assembly resolutions 48/218 B (para. 5 (e)), 54/244 (paras. 4 and 5), 59/272 (paras. 1-3) and 64/263 (para. 1) and 69/253 (para.1). During the reporting period, from 1 July 2015 to 30 June 2016, the Office of Internal Oversight Services (OIOS) issued 362 oversight reports, including 7 reports to the General Assembly and 44 closure reports. The reports included 1,068 recommendations to improve internal controls, accountability mechanisms and organizational efficiency and effectiveness, of which 75 were classified as critical to the Organization. The financial implications of the recommendations issued by the Office during the period amount to approximately $18.7 million. The recommendations were aimed at cost savings, recovery of overpayments, efficiency gains and other improvements. The financial implications of recommendations issued in prior periods that were satisfactorily implemented during the period totalled approximately $2.1 million. The addendum to the present report provides a detailed analysis of the status of implementation of the recommendations, a breakdown of recommendations with financial implications and a complete list of all reports issued for all areas of OIOS work, including those relating to peacekeeping activities.

The present report (Part I) does not cover oversight results pertaining to peacekeeping operations and special political missions, as they will be submitted to the Assembly in Part II of the report during the resumed seventy-first session.

* A/71/150.

** Excluding oversight of peacekeeping activities, which will be reported on in document A/71/337 (Part II).

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Preface

I am pleased to submit my first report to the General Assembly on the non-peacekeeping activities of the Office of Internal Oversight Services (OIOS) for the year ending 30 June 2016. I am honoured to serve as Under-Secretary-General for Internal Oversight Services.

When I assumed my position in December, the prevailing conditions of OIOS guided me in setting my priorities for this office. As can be gleaned from this report, I am glad we have ushered in gains from the initial reforms that were introduced with the support of senior management, Member States and the strong cooperation and hard work of the men and women of OIOS.

While some internal and external challenges remain, there is certainly no need to reinvent the wheel. Integrating the critical mandates of audit, inspection and evaluation, and investigation is as important as harnessing the talents, experiences and skill set of the staff behind this report. Together we can sustain the momentum of change as we endeavour to contribute to the delivery of the goals of this Office and the overall mission of the United Nations.

I look forward to collaborating with client departments and Member States as I continue to lead OIOS in building credible and effective oversight worthy of the trust and confidence of the people we strive to serve on a daily basis. I am grateful for the support of the Secretary-General and commend the dedication and contribution of all OIOS staff members.

(*Signed*) Heidi **Mendoza**
Under-Secretary-General for Internal Oversight Services

I. Introduction

1. The Office of Internal Oversight Services (OIOS) was established by the General Assembly pursuant to resolution 48/218 B to enhance oversight in the Organization. It is operationally independent, and assists the Secretary-General in fulfilling his internal oversight responsibilities in respect of resources and staff of the Organization through investigations, internal audit and inspection and evaluation activities.

2. The present report provides an overview of OIOS activities during the period from 1 July 2015 to 30 June 2016, but does not include oversight results pertaining to the Department of Peacekeeping Operations, the Department of Field Support or the peacekeeping and special political missions, which will be submitted to the General Assembly in Part II of the report during the resumed seventy-first session of the Assembly. An addendum to the present report provides a detailed analysis of the status of implementation of the recommendations, a breakdown of recommendations with financial implications and a complete list of all reports issued for all areas of OIOS work, including those relating to peacekeeping activities.

II. Professional initiatives

A. Efforts to strengthen the functioning of the Office of Internal Oversight Services

3. OIOS aims to carry out its work with the highest standards of professionalism and efficiency. The present section highlights some initiatives undertaken during the reporting period to achieve this goal.

Internal Audit Division

4. The Internal Audit Division updated its organizational structure and reporting lines, which resulted in rationalizing the span of control of certain managers and contributed to overall efficiency gains of the Division. Additionally, the Division drafted written guidance and conducted workshops to train auditors on successfully carrying out performance audits that focus on economy, efficiency and effectiveness, aimed at helping the Organization achieve better results with limited resources.

5. The Internal Audit Division initiated a review of ratings assigned to audits and will introduce appropriate changes, taking into account concerns and feedback from management and based on a review of experience gained over the five years since the establishment of our current ratings system. OIOS will also communicate changes to the Independent Audit Advisory Committee.

6. Following implementation of Umoja in all duty stations, the Internal Audit Division established a working group to adapt and upgrade audit capacity of the Division in the Umoja environment. That initiative is aimed at enabling auditors to extract and analyse the records and data processed and stored in Umoja, using Umoja Business Intelligence and computer-assisted audit tools. The working group is also to leverage the combined skills of information and communications technology (ICT) and non-ICT auditors to develop a series of standard audit procedures for auditing typical processes based on the new processes and

functionalities of the Umoja system. While OIOS has conducted a number of audits of Umoja implementation at different locations and entities, the critical weaknesses identified in those audits were detailed in the report on the activities of the Office on peace operations for the period from 1 January to 31 December 2015 (A/70/318 (Part II)). OIOS will continue to provide appropriate audit coverage of activities pertaining to Umoja implementation based on an assessment of the related risks.

Inspection and Evaluation Division

7. The Inspection and Evaluation Division continued its capacity development efforts by engaging external expertise to train Division staff in qualitative and quantitative evaluation methods and improved assessment of evaluability. The latter topic further supported the efforts of the Division to increase its efficiency through improved focus of its evaluation reports on topics that were high risk, relevant, timely, evaluable and useful to the Organization. The Division also conducted an internal review workshop of its evaluation work cycle to improve the relevance, timeliness, efficiency and effectiveness of each of its components.

Investigations Division

8. The Investigations Division deployed a new investigations case management system, goCASE, which provides integrated intake and information-processing capabilities as well as advanced analytical tools to support the Division's effort to improve its efficacy in complex fraud investigations and risk-based work planning.

9. The Operational Standards and Support Section has continued to provide the Division with core intake secretariat and referrals processing services, advanced jurisdictional and programmatic research, formulation of guidance and procedures based on best practices, advice on legal and operational matters, data and trend analysis for reporting purposes, goCASE developmental assistance and ad hoc quality assurance reviews.

10. In an effort to better equip newly recruited resident investigators to undertake their tasks, the Investigations Division developed an enhanced comprehensive induction course, which introduces vital skills and knowledge — including the Division's procedures and protocols — for productive adaptation and contribution. In addition, recognizing the specialized techniques and consideration required for interviewing minors, the Division organized a pilot project on forensic interviewing of children, with a three-day training course offered to its staff and participants from other investigative offices and agencies. Further, the Division contributed to developing case studies for the Organization's 2015 and 2016 leadership dialogues on taking individual responsibility and fraud awareness.

11. The Investigations Division has also continued to actively pursue investigations into major fraud cases, particularly those involving implementing partners, through its designated team based in Nairobi.

B. Cooperation and coordination

12. OIOS coordinates regularly with other United Nations oversight entities, including the Board of Auditors and the Joint Inspection Unit, to ensure that gaps, duplication and overlap in oversight work are minimized. Aside from sharing

workplans, OIOS holds meetings once every two months with the Board of Auditors and ad hoc meetings with the Joint Inspection Unit to discuss progress and issues of mutual interest. A tripartite meeting is held annually to address oversight and coordination issues.

13. OIOS recognizes the value and importance of fostering relationships with its functional peers. During the reporting period, OIOS professionals actively participated in their respective professional networks, as described below:

(a) The Internal Audit Division contributed actively to the work of the Representatives of Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions. In September 2015, OIOS served on a panel for the following sessions: "The United Nations post-2015 development agenda: opportunities and threats for the United Nations internal audit function" and "Disclosure of internal audit reports: where we are now and where we would like to go";

(b) On 29 June 2016, representatives of the United Nations Procurement Division and the Investigations Division of OIOS, in coordination with the Economic and Social Commission for Asia and the Pacific, were invited to speak to the Government of Thailand's Ad Hoc Committee of the National Reform Steering Assembly on the issue of governance, transparency and anti-corruption efforts in the United Nations. OIOS explained its mandate and detailed its experience in investigating potential cases of corruption within the Organization. Emphasis was placed on the need for strong preventive measures, including clear policies and the training of staff members in ethics and integrity: OIOS outlined how, in the event that prevention fails, instances of possible corruption are investigated. The combined knowledge and experience of the United Nations Procurement Division and OIOS were greatly appreciated by participants. This continuing and collaborative effort to combat corruption though awareness, capacity-building and vigilance in preventive measures serves the Organization's interests well and demonstrates to Member States the commitment to zero tolerance for any form of corruption in the procurement process;

(c) While the OIOS Inspection and Evaluation Division continued to play a role in the United Nations Evaluation Group (UNEG), the abolishment of the Deputy Director position and the end of the Division Director's tenure as Chair of UNEG have resulted in a reduced role. Nevertheless, the Division Director substantially engaged in one of the primary initiatives of UNEG: the update and revision of the norms and standards for evaluation in the United Nations system. For the reporting period, OIOS continued to serve as member of the interim coordination mechanism for the implementation of the Secretary-General's policy for independent system-wide evaluation, working closely with other committee members (the Joint Inspection Unit, the Department of Economic and Social Affairs, the Office for the Coordination of Humanitarian Affairs and UNEG) to support the piloting of two independent system-wide evaluations: one on United Nations system support to building national capacity in statistics and one on a meta-evaluation of the evaluations of the United Nations Development Assistance Framework.

III. Impediments to the work of the Office of Internal Oversight Services

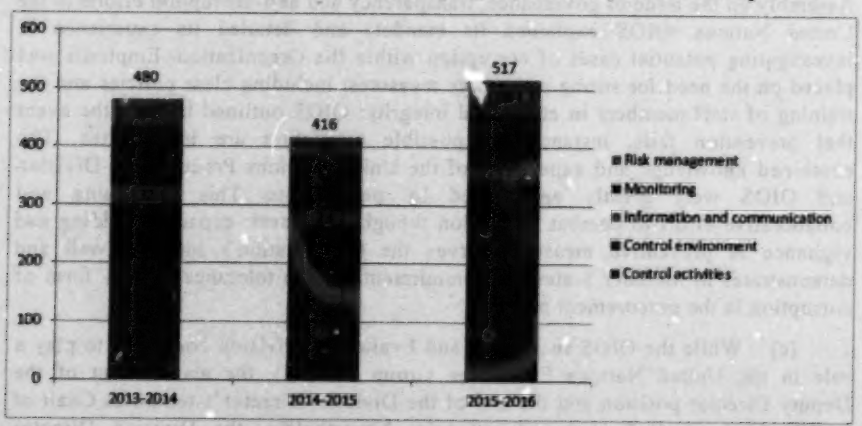
14. There was no inappropriate limitation of scope that impeded the work or independence of OIOS during the reporting period.

IV. Internal audit recommendation trend analysis

15. Audit recommendations were classified using the five integrated components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring, as shown in figure I for the past three years. In each of those years, the bulk of the recommendations related to the control activities component. The figures reported in this section of the report exclude reports and recommendations on peace operations; those figures will be reported separately in Part II of the same report.

Figure I

Audit recommendations on non-peacekeeping activities, by control component



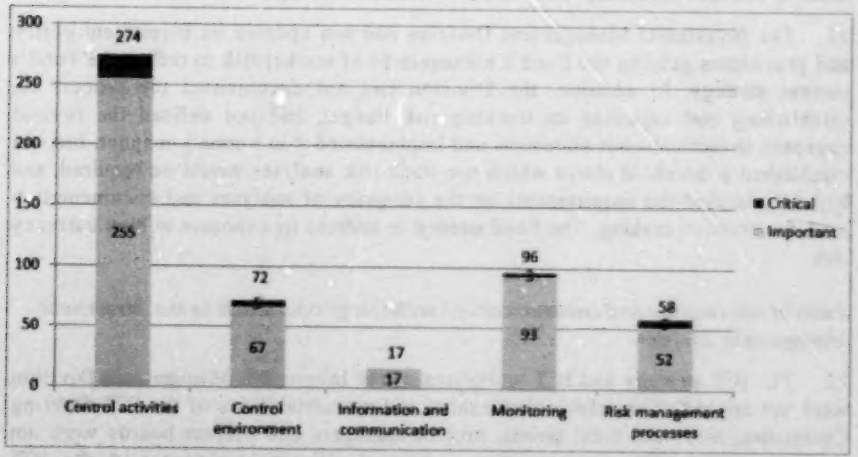
16. Figure II shows the distribution of overall ratings for 104 internal audit reports issued during the reporting period.

Figure II
Distribution of non-peacekeeping audit ratings,[a] 1 July 2015-30 June 2016

[a] Definitions for rating are as reported in A/66/286 (Part 1), page 9.

17. Figure III shows the distribution of critical versus important audit recommendations issued during the reporting period by control component. Specific information on all reports issued during the reporting period, including overall opinion ratings and the number of critical and important recommendations issued, can be found in the addendum to the present report. Full audit reports are available on the OIOS website (https://oios.un.org).

Figure III
Audit recommendations[a] on non-peacekeeping activities, by control component, 1 July 2015-30 June 2016



[a] Recommendations are classified as critical or important. Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review. Important recommendations address reportable deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

V. Oversight results

18. This section provides selected oversight results for the period under review.

A. Internal Audit Division

19. Internal audit reports are available for review on the OIOS website (https://oios.un.org). The selected significant and topical oversight results described below resulted in specific recommendations and management action plans that are outlined in the corresponding individual reports. The implementation rate for critical recommendations issued is updated on a quarterly basis and is provided on the OIOS website.

United Nations Joint Staff Pension Fund

Audit of management of external portfolio managers for small capitalization investments in the Investment Management Division

20. The Investment Management Division did not have formal policy guidance on small capitalization investments and their external management. Consequently, there was no articulation of the objectives for investing in small capitalization markets, and thus it may not have been possible to establish the added value expected by external portfolio managers. The Investment Management Division had also not developed procedures and guidelines with established criteria for selecting, monitoring and terminating external portfolio managers.

Audit of market risk management in the Investment Management Division

21. The Investment Management Division had not updated its investment policy and procedures guiding the Fund's management of market risk to reflect the Fund's current strategy. In addition, the Division had not documented the process for establishing and adjusting its tracking risk budget, had not defined the revised approach to tactical asset allocation and implemented it in a timely manner, had not established a threshold above which pre-trade risk analyses would be required, and had not clarified the requirements on the adequacy of analyses and documentation used for decision-making. The Fund needed to address its exposure to high currency risk.

Audit of information and communications technology operations in the Investment Management Division

22. The ICT strategy and ICT workplans of the Investment Management Division were not aligned. The roles, relationships and accountabilities of the ICT Steering Committee, technical focal points, project managers and project boards were not clear for some ICT processes. There were significant weaknesses in the ICT planning process pertaining to justification; cost, resources and prerequisite analysis; documentation of functional, security and performance requirements; and the completeness of project agreements. Service-level agreements with some third-party services were inadequate. Dependencies between ICT service changes, applications and systems were not adequately taken into consideration.

Audit of information and communications technology operations in the secretariat of the United Nations Joint Staff Pension Fund

23. The ICT annual tactical and operational workplans, project and activity dependencies, priorities and resource requirements of the United Nations Joint Staff Pension Fund secretariat were not documented and aligned with the Fund's strategic planning. In addition, with the deployment of the Integrated Pension Administration System in August 2015, the reporting system (Cognos) was discontinued, and reporting requirements were not covered in any other ICT system. Potential risks arising from long-term dependency on the external vendor were also not fully addressed. A co-development strategy that should have allowed internal staff to develop certain components of the system had not yet been implemented. Furthermore, certain ICT services provided by the Fund secretariat did not have documented service target levels and monitoring reports. New projects were assigned to the United Nations International Computing Centre without detailed requirements for deliverables, due dates, acceptance criteria, prerequisites and dependencies. Cost estimates documented in some service delivery agreements were not attributed to projects but rather defined as a pool of funds to be used in a flexible manner. Several ICT initiatives were implemented without following project management and system development methodologies. ICT key performance indicators were not measured, and performance reports were not available. Third-party service reports also had some weaknesses.

United Nations Human Settlements Programme

Audit of United Nations Human Settlements Programme Urban basic services subprogramme

24. The United Nations Human Settlements Programme (UN-Habitat) Urban basic services subprogramme was implemented by the Urban Basic Services Branch and outposted regional offices. UN-Habitat prepared periodic progress performance reports on the basis of performance data and results provided by outposted offices. However, the reported results were not supported by tangible and verifiable evidence or information. Meanwhile, as at June 2015, the subprogramme had achieved only 47 per cent of the outputs planned for the biennium 2014-2015.

United Nations Environment Programme

Audit of the United Nations Environment Programme Chemicals and waste subprogramme

25. Sixteen of the 24 projects developed by the United Nations Environment Programme's Chemical and waste subprogramme to accomplish its 2014-2017 programme of work were to commence in 2014, but none of them had started by August 2015, mainly due to challenges in obtaining funding, vacancies and high turnover of staff in key positions. Consequently, the projects did not contribute to the expected accomplishments of 2014.

United Nations Office at Geneva and the United Nations Office at Vienna

Audits of resilience management at the United Nations Office at Geneva and the United Nations Office at Vienna

26. A review of the emergency management framework of the United Nations Office at Geneva and the United Nations Office at Vienna, which was developed in response to the approval of the organizational resilience management system by the General Assembly in June 2013, indicated that the two Offices had not prepared emergency plans for support to staff, survivors and families. The emergency plans for the other six core areas had been prepared, but some of those plans had not been formally approved and others were not regularly tested and updated. The United Nations Office at Geneva and the United Nations Office at Vienna did not provide training on the organizational resilience management system to staff because no training materials or programmes had been developed. A working group on that system had discussed the possibility of creating online training courses but did not develop an action plan to ensure training requirements were met.

United Nations Office on Drugs and Crime

Audits of the United Nations Office on Drugs and Crime operations in Iran (Islamic Republic of) and Peru

27. The United Nations Office on Drugs and Crime (UNODC) Country Office in the Islamic Republic of Iran raised only 59 per cent of the forecasted funding needs of $15 million for its country programme for the period 2011-2014. Despite the shortfall, the Office developed a more ambitious country programme for the period 2015-2019, with targeted funding needs of $20 million. The Office had not established a fundraising plan with goals and activities in its annual work plan. Similarly, the UNODC Country Office in Peru had not established clear targets for fundraising for its operations. The Country Office needed to assess the funding needs based on its capacity to expand its project portfolio and develop a fundraising strategy.

Office for the Coordination of Humanitarian Affairs

28. OIOS completed audits of the Office for the Coordination of Humanitarian Affairs operations in Afghanistan, South Sudan and the Syrian Arab Republic and of the Central Emergency Response Fund (CERF). The audits covered (a) country-based pooled funds, (b) CERF-funded projects, and (c) the Office's country operations cost plans.

29. Significant and cross-cutting issues identified in these audits include the following: (a) the lack of a strategy to implement special measures authorized by the General Assembly for the Office for the Coordination of Humanitarian Affairs to deliver its mandate effectively under Assembly resolution 46/182; (b) the need for mechanisms to consistently document regular project monitoring and other oversight activities of participating United Nations entities for projects funded from country-based pooled funds and CERF to ensure that funds were used for the intended purposes; (c) limited control by the Office over the effectiveness of assurance mechanisms for projects implemented by non-governmental organizations (NGOs) when another United Nations agency performed the managing agent role; and (d) high vacancy rates in the Office's field offices, which significantly hampered their effectiveness and capacity in coordinating complex humanitarian assistance operations.

Department of Economic and Social Affairs and regional commissions

30. OIOS conducted audits of the statistics subprogrammes of the Department of Economic and Social Affairs, the Economic Commission for Africa (ECA), the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Economic Commission for Latin America and the Caribbean (ECLAC). The audits were selected to be conducted because of the risk that the statistics subprogrammes may not have adequate capacity and mechanisms to meet their objective of strengthening the production and use of high-quality statistics.

31. The audits concluded the following: (a) the Department of Economic and Social Affairs needed to explore the possibility of designating a senior official of the Department as United Nations Chief Statistician to strengthen the coordination of statistical matters with stakeholders; (b) the Department needed to conduct a customer satisfaction survey to obtain feedback on the usage and continued relevance of the Statistical Yearbook, a flagship publication that has been produced since 1948; (c) ECA and ECLAC needed to improve their procedures for validating Member States' compliance with international statistical standards; and (d) ESCAP did not have standard operating procedures for managing its statistical database.

Office of the President of the General Assembly

Audit of the United Nations Secretariat's engagement with selected non-governmental organizations and a related entity

32. The audit, conducted at the request of the Secretary-General, showed that due diligence procedures were not always complied with by the Secretariat before engagement with certain NGOs, which exposed the Organization to the risk that it could become involved with external parties whose interests may be at odds with those of the United Nations. OIOS also noted that the Department for General Assembly and Conference Management amended General Assembly document A/66/748 without complying with applicable procedures for document publishing.

33. An exhibition at United Nations Headquarters sponsored by one of the selected NGOs was not in compliance with applicable regulations, which could lead to the perception that the NGO was given preferential treatment or was favoured. Some staff members, who had received iPads distributed to them at an event co-sponsored by the related entity in August 2015, returned them to their respective executive offices only after the commencement of the audit, which indicated a need for dissemination of additional guidance to enhance staff members' awareness of their obligations in regard to gifts.

Audit of the management of the trust fund in support of the Office of the President of the General Assembly

34. Management was not involved in determining the resource requirements for the Office of the President of the General Assembly and in the fundraising activities undertaken by the Office to generate voluntary contributions. Therefore, the Department for General Assembly and Conference Management had no records relating to the resource requirements of the Office of the President of the General Assembly or their fundraising activities. The audit identified the need to strengthen coordination between the two offices.

35. Voluntary contributions of $1.3 million from three Member States had not been deposited in the trust fund in support of the Office of the President of the General Assembly. Instead, those contributions appeared to have been deposited in a separate bank account at the request of the President of the General Assembly of the sixty-eighth session. The audit identified the need to enhance transparency and reporting of contributions received by the Office of the President.

United Nations High Commissioner for Refugees

Vendor management and procurement activities

36. In 2015, United Nations High Commissioner for Refugees (UNHCR) field operations spent $688 million on acquiring goods and services. In 21 out of 25 audits of field operations, OIOS recommended improvements to vendor management and procurement practices. In the operations in Cameroon, the Democratic Republic of Congo, Djibouti Lebanon, South Sudan and Ukraine, critical recommendations were raised to address weaknesses in vendor registration and the lack of competitive and transparent procurement processes.

Monitoring of distribution of non-food items

37. In 2015, UNHCR distributed non-food items to persons of concern totalling $318 million. In the UNHCR operations in Cameroon, Libya and Ukraine, there was a need to address critical control deficiencies pertaining to insufficient monitoring of distributions of non-food items. Although all three operations subsequently implemented related OIOS recommendations, systemic control weaknesses were also identified in another nine operations audited, increasing the risk to UNHCR that distribution of non-food items was not properly monitored and controlled.

Monitoring of projects implemented by partners

38. In 2015, UNHCR spent $1.3 billion through its partnerships. In 23 out of 25 audits of UNHCR field operations, OIOS recommended improvements to monitoring of partners' project activities. In the operations in Cameroon, the Democratic Republic of the Congo and Egypt, there was a critical need to address lax controls for monitoring the use of funds provided to partners to implement projects.

Management of procurement entrusted to partners

39. OIOS conducted a thematic audit related to procurement undertaken by partners on behalf of UNHCR. The audit identified that none of the 16 field operations reviewed were conducting comprehensive assessments to determine whether it was more effective and efficient for procurement to be undertaken directly by UNHCR or through the partnership modality. In 12 of the 16 operations reviewed, partners' capacity for procurement had not been assessed, and in 11 operations the monitoring of procurement entrusted to partners was deficient. The centralized process at UNHCR headquarters of pre-qualifying partners was also slow. In addition, measures had not been systematically established to detect and prevent fraud in this inherently high-risk activity.

Management of partner personnel costs

40. OIOS conducted a thematic audit of UNHCR planning and monitoring controls of personnel-related costs provided to 54 partners operating in 12 field

operations. The audit identified that UNHCR needed (a) to further refine and elaborate guidelines to assist field operations in establishing uniform scales governing the UNHCR contribution to salaries of partner personnel that were consistent with local conditions; (b) to ensure partner salaries were fixed at levels commensurate with the established scales; and (c) to monitor whether partner personnel budgets were established on a sound basis.

Management of water, sanitation and hygiene programmes

41. OIOS conducted a thematic audit of UNHCR water, sanitation and hygiene (WASH) programmes at its headquarters in Geneva and in 12 field operations. The audit identified that UNHCR needed (a) to ensure all priority operations have appropriate local strategies for WASH interventions; (b) to develop and roll out the upgraded online platform for managing and analysing public health data, including WASH data; (c) to collect accurate baseline, target and population data for WASH programming; (d) to make concerted efforts to sustain the delivery of the minimum standards for the provision of WASH services; and (e) to address funding shortfalls and keep track of the cost of the delivery of WASH programmes.

Management of cash based interventions

42. OIOS conducted a thematic audit of UNHCR management of cash-based interventions covering the headquarters in Geneva and seven field operations. The audit identified that UNHCR needed (a) to finalize a strategic plan to articulate the business model, objectives and goals of cash-based interventions; (b) to strengthen partnerships with United Nations agencies and NGOs; (c) to carry out a comprehensive assessment of risks related to cash-based interventions at the global level; (d) to provide guidance to field operations on financial and administrative procedures for cash-based interventions; (e) to improve vulnerability criteria and targeting methodologies; and (f) to help field operations to put in place standard operating procedures for implementing cash-based intervention programmes.

Information and communications technology management

43. The OIOS review of the information and communications technology hosting services provided to UNHCR by third parties indicated that there was a need for UNHCR (a) to update its ICT strategy to reflect the use of hosting and cloud services; (b) to implement measures to facilitate physical verification of assets located at the site of a hosting services provider; and (c) to store off-site the information held in the premises of the same hosting services provider.

B. Inspection and Evaluation Division

44. During the reporting period, the OIOS Inspection and Evaluation Division issued nine non-peacekeeping reports, including three triennial reviews, of UNODC, the United Nations Environment Programme and the Office for the Coordination of Humanitarian Affairs, which were previously submitted to the Committee for Programme and Coordination.[1] As all reports are available on the OIOS website,

[1] Evaluations of the Department of Political Affairs, the International Tribunal for the Former Yugoslavia, UNHCR, ECE and ESCWA will be submitted to the Committee for Programme and Coordination for consideration during its session in June 2017.

together with management's response, only highlights from some of those reports are provided below.

Evaluation of the Department of Political Affairs (IED-16-004)

45. OIOS concluded that since the OIOS Inspection and Evaluation Division evaluation of the Department of Political Affairs in the period 2006-2008, the Department had adapted to the significant growth in field-based conflict prevention and resolution by reorienting its activities, structures and partnerships. It is currently providing support for almost all of the highest-criticality conflict settings and there is evidence that the Department's support has been effective. The entities it supports, particularly smaller and more backstopping-dependent missions, viewed positively the Department's achievements in adapting to its more field-focused role. OIOS noted that, despite that progress, other critical issues remain, namely, resource constraints have limited the Department's capacity to meet all needs; its strategic planning documents do not show how the Department of Political Affairs will focus its limited resources on other settings in need; early-warning analysis is lacking; and the Department is poorly positioned to oversee field-level accountability. Lastly, the Department still lacks a dedicated evaluation function with the independence and resources to generate objective, credible knowledge on performance, nearly a decade after the OIOS Inspection and Evaluation Division pointed out that gap.

Evaluation of the methods and work of the International Tribunal for the Former Yugoslavia (A/70/873-S/2016/441)

46. OIOS concluded that, between 2010 to 2015, the International Tribunal for the Former Yugoslavia (ICTY) systematically reported on its performance and activities to the Security Council and General Assembly, made steady progress in monitoring its judicial activities, and implemented a number of operational and procedural reforms. At the same time, ICTY focused on monitoring and implementing its activities rather than on demonstrating results in a clear, attributable and measurable manner. OIOS noted that there was an absence of clear indicators to enable a transparent assessment of work progress. Results-based management frameworks were ambiguous. More importantly, there was a lack of evidence to demonstrate how the operational and procedural reforms implemented over the years contributed to greater efficiency.

Evaluation of the Office of the United Nations High Commissioner for Refugees (IED-16-001)

47. OIOS reported that despite an increase in refugees in over half of the 21 mixed settings with both refugees and internally displaced persons over the past three years, UNHCR provided critical assistance and protection activities, maintaining or increasing the percentage of refugees assisted in most settings. However, challenges remained in reaching out-of-camp refugees. Through the framework established by the Inter-Agency Standing Committee, the role of UNHCR with internally displaced persons in mixed settings had become more defined and did not affect its broader mandated responsibilities for refugees in these settings, although some challenges with coordination were noted.

Evaluation of the Economic Commission for Europe (IED-16-003)

48. OIOS concluded that the Economic Commission for Europe (ECE) has effectively facilitated the development and implementation of critical conventions, regulations, norms and standards which have had both a regional and a global impact. In developing those products, ECE has effectively navigated extensive intergovernmental machinery that has placed large demands on its small secretariat. ECE has also faced competing, and at times, conflicting Member State demands and priorities stemming in part from different development needs, historical backgrounds and geopolitical interests. While many ECE products have been adopted and are useful in many countries that are not ECE member countries, it lacks a common vision and clear strategy for its regional and global roles. The 2030 Agenda for Sustainable Development provides a unique opportunity for the Economic Commission for Europe to map strategic partnerships and strengthen cross-sectoral work. ECE has already taken concrete steps to examine how its activities can contribute to the attainment of the Sustainable Development Goals and implementation of an ambitious and transformative agenda.

Evaluation of the Economic and Social Commission for Western Asia (IED-16-002)

49. OIOS concluded that ESCWA has operated in an environment characterized by protracted conflict and political instability that has affected social dynamics in the region and posed several challenges to its work. Against that backdrop, ESCWA provided an important platform for building regional consensus and facilitating decision-making on items on the global agenda. While ESCWA has addressed the main priorities of its member States, it lacks a more systematic and regular approach to fully addressing newly emerging issues in the region. Further, its knowledge generation, through its research and analysis work, has not been fully utilized to increase awareness of development in the region, and while its advisory services have been generally well received, their influence on policy has not been widespread. As member States focus on the 2030 Agenda for Development, ESCWA has played a key role in facilitating a regional position on the Sustainable Development Goals and on developing a strategy to move forward in support of their implementation.

Secretariat evaluation scorecards for the biennium 2012-2013 (IED-15-009)

50. The OIOS evaluation scorecards, compiled for the second time in November 2015, presented a detailed assessment of evaluation practice and capacity across the 32 Secretariat entities. This assessment covered the biennium 2012-2013 and was based on 17 indicators of evaluation practice. They were used to identify where gaps existed and what improvements were needed to strengthen capacity at the entity level. Related to these scorecards, OIOS, in its report entitled "Strengthening the role of evaluation and the application of evaluation findings on programme design, delivery and policy directives" (A/70/72), had recommended specific actions to strengthen evaluation capacity. These recommendations, which were endorsed by the General Assembly in its resolution 70/8 of 13 November 2015, called for all Secretariat entities to strengthen their evaluation capacity, including, specifically, that those entities that do not currently have an evaluation policy (the Department for General Assembly and Conference Management, the Department of Public Information, the Department of Safety and Security, the Office of Legal Affairs, the Office of the Special Adviser on Africa, the United Nations Office at Geneva, the United Nations Office at Nairobi and the United Nations Office at Vienna) should develop one.

C. Investigations Division

51. From 1 July 2015 to 30 June 2016, 229 matters pertaining to non-peacekeeping operations were reported to the Investigations Division, representing an increase of 29 per cent over the previous year, and comprising 40 per cent of all reported matters. Following evaluation by the Intake Committee, 64 matters were assigned internally for OIOS investigations, and 95 matters were referred to other entities.

52. In August 2015, the Investigations Division changed the conventional descriptors under which investigations and other tasks are categorized, to more accurately reflect the current operating environment. The new categories include: "criminal activity", "fraud", "misuse of office", "prohibited conduct", "recruitment" and "retaliation".[2] Table 1 shows the categories of the 95 referrals and 64 matters assigned for internal OIOS investigation during the period.

53. The number of non-peacekeeping matters that were referred to other entities increased by 9 per cent from the previous year, and by 67 per cent compared with two years ago. Average processing time for referrals decreased to 50 days, compared with 57 days the previous year and 97 days two years prior.

Table 1
Predicated investigations and referrals on non-peacekeeping activities by category

Category[a]	*Number of OIOS investigations*	*Percentage of all OIOS investigations*	*Referrals issued*	*Percentage of all referrals issued*
Criminal activity	12	19	5	5
Financial	7	11	8	8
Fraud	13	20	6	6
Inventory/Assets	–	–	1	1
Management	1	2	2	2
Misuse of office	13	20	9	9
Personnel	5	8	33	35
Procurement	4	6	3	3
Programmatic	1	2	2	2
Prohibited conduct	3	5	9	9
Recruitment	1	2	14	15
Retaliation	2	3	1	1
Sexual exploitation and abuse	2	3	2	2
Total[b]	**64**	**100**	**95**	**100**

[a] Categories introduced in mid-2015: "criminal activity", "fraud", "misuse of office", "prohibited conduct", "recruitment" and "retaliation". Categories discontinued in mid-2015: "inventory/assets", "programmatic" and "sexual harassment".

[b] Total includes six investigations and seven referrals that were received prior to 1 July 2015.

[2] Prohibited conduct includes discrimination, harassment, sexual harassment and abuse of authority (see ST/SGB/2008/5).

Investigation reports issued during the reporting period

54. In total, 48 non-peacekeeping investigation reports were issued during the reporting period (see table 2). In 36 of those reports, the allegations were substantiated, while in 12 they were not.

Table 2
Non-peacekeeping investigation reports issued

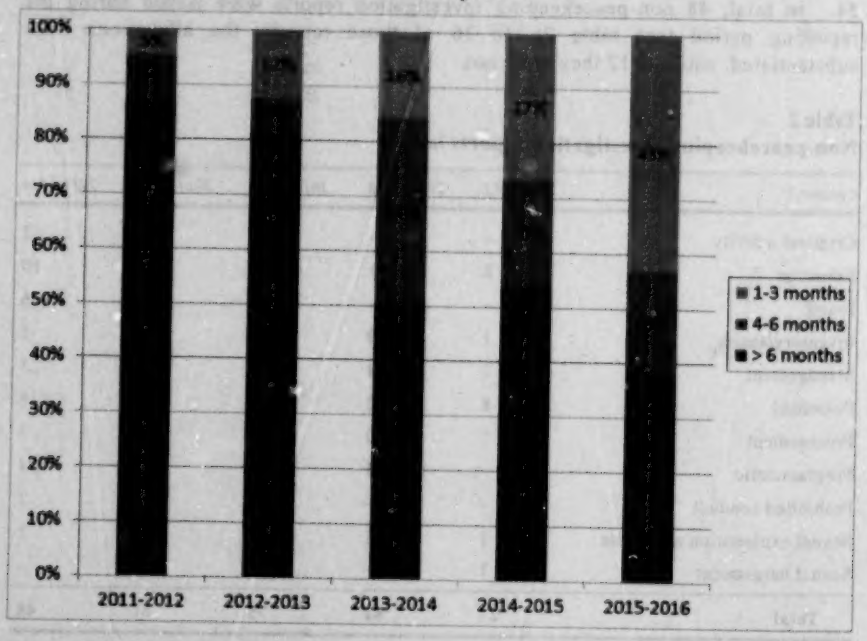
Category[a]	*2011-2012*	*2012-2013*	*2013-2014*	*2014-2015*	*2015-2016*
Criminal activity	–	–	–	–	2
Financial	8	51	37	15	10
Fraud	–	–	–	–	6
Inventory/assets	1	3	1	3	1
Management	1	4	3	4	3
Personnel	8	12	21	14	16
Procurement	7	10	10	10	3
Programmatic	–	1	3	2	4
Prohibited conduct	–	–	–	–	2
Sexual exploitation and abuse	1	1	–	1	1
Sexual harassment	1	–	–	2	–
Total	**27**	**82**	**75**	**51**	**48**

[a] Categories introduced in mid-2015: "criminal activity", "fraud", "misuse of office", "prohibited conduct", "recruitment" and "retaliation". Categories discontinued in mid-2015: "inventory/assets", "programmatic" and "sexual harassment".

55. For the 48 reports issued during the period, the average time taken to complete the investigations and issue the report was 14 months. To address older cases, the Investigations Division conducted a thorough review of ageing cases and deployed additional resources as necessary to assist in their completion. The net result has been a marked decline in the number of very old cases, as can be seen in figure IV. At the end of the reporting period, there were 58 matters under investigation for non-peacekeeping operations; those had been pending for an average of six months, with 62 per cent pending for six months or less. That was a significant improvement compared with the previous year, in which 51 non-peacekeeping matters were under investigation at the end of the reporting period, with cases pending an average of 11 months, and 29 per cent pending for less than six months.

56. The OIOS target for completion of investigations is six months from the date of receipt. Since 30 June 2012, the number of pending cases exceeding the six-month target has decreased from 86 per cent to 38 per cent of the overall caseload. At 30 June 2012, 14 per cent of the ongoing caseload had been within the target range, compared with 62 per cent as at 30 June 2016.

Figure IV
Ageing of ongoing caseload at end of fiscal year



Notable case summaries

57. Highlights of some of the non-peacekeeping investigations completed during the reporting period are provided below. All substantiated cases have been referred to the relevant programme managers for appropriate action.

58. OIOS conducted an investigation into a report of possible insurance fraud by a staff member in ECLAC, who had since tendered his resignation. The investigation revealed that, as part of his 198 claims for expense reimbursement on behalf of himself and his family, the staff member had submitted over 250 falsified invoices and had been unduly reimbursed a total amount of $170,966.57. OIOS issued the investigation report in November 2015, and it is under consideration by the Office of Legal Affairs for referral to national authorities and recovery of financial loss. (*Case No. 0084/15*)

59. OIOS conducted investigations into reported unauthorized activities and conflict of interest by staff members at the United Nations Office at Vienna/UNODC. The investigations found that a UNODC programme manager had misused the knowledge and contacts gained by virtue of his position for personal gain and to further the aim of his private consultancy firm, including unfairly influencing the award of contracts. The staff member regularly utilized his official working hours and entitlements, as well as the Organization's resources, for the benefit of his consultancy firm. In addition, he facilitated the recruitment of a consultant as an independent evaluator for a project that he managed in UNODC, failing to disclose the conflict of interest presented by the fact that the consultant was also a director of the staff member's consultancy firm. The staff member

resigned before completion of the investigation and the issue of the investigation report in January 2016. Following its receipt of the OIOS investigation report, the United Nations Office at Vienna/UNODC referred the case to the Office of Human Resources Management for disciplinary action. On 28 January 2016, a note was placed in the staff member's official status file to prevent his re-employment. UNODC is currently in the process of implementing other recommendations of OIOS, including taking appropriate action against the consultancy firm and considering conducting an independent evaluation of the project that the former staff member had managed. (*Case No. 0337/14*)

60. Further, the investigation established that both the wife and a subordinate of the staff member — themselves staff members at the United Nations Office at Vienna and UNODC, respectively — had also undertaken work on behalf of the consultancy firm, including facilitating the sale of shares to government officials of a Member State. The investigation reports were issued in July and October 2015, respectively, and are under consideration by the Office of Human Resources Management for disciplinary action. (*Case Nos. 0132/15, 0143/15*)

61. At the United Nations Office at Geneva, an OIOS investigation found that a staff member failed to exercise proper oversight and supervision of a subordinate, which enabled the latter to improperly favour a bidder in a procurement exercise. OIOS issued the investigation report in July 2015, and written reprimands were issued by the Office for both implicated individuals on 25 January 2016 and placed in their official status files. (*Case No. 0303/14*)

62. OIOS conducted an investigation into possible fraud related to funding in the amount of $343,070 provided by the Somalia Common Humanitarian Fund to a Somali NGO for two humanitarian projects in 2011. The investigation was initiated in 2014 and established that the NGO had submitted a portion of invoices and receipts related to project expenses for which the existence of the vendors could not be verified. Further, the endorsements of beneficiaries within distribution lists had been duplicated, and bank documentation provided during the investigation and in support of project activities had also been found to be fraudulent. OIOS issued the investigation report in May 2016. In response to the recommendations of OIOS, the Office for the Coordination of Humanitarian Affairs confirmed that the NGO had been suspended and had not received any funding since 2011. A referral to national authorities is under consideration. (*Case No. 0127/14*)

63. It was reported that a Somali NGO had been implicated in the possible diversion of donor funds provided by the Somalia Common Humanitarian Fund for the implementation of three humanitarian aid projects in 2011 worth $1,117,762. Despite multiple requests by OIOS, the NGO failed to cooperate with the investigation and provide any documentation in relation to the three projects. Further, OIOS found that the offices of the NGO had been vacated. The investigation report was issued in February 2016. In response to the recommendations of OIOS, the Office for the Coordination of Humanitarian Affairs confirmed that the NGO had been declared ineligible for funding from the Somalia Common Humanitarian Fund and that it would remain so, pending compliance with agreements of the Fund, which provide for access to project-related books and records. (*Case No. 0142/14*)

64. OIOS investigated a Somali NGO that had been engaged to implement four humanitarian aid projects during the period 2012 to 2014. The projects had been

funded by the Somalia Common Humanitarian Fund in the amount of $779,454, of which $665,310 had been disbursed. The investigation revealed that staff of the NGO had fabricated bank documents in support of project expenses and outcomes. In addition, the existence of most of the project vendors of the NGO could not be established. Although there existed traces of very limited project implementation, OIOS concluded that owing to the absence of genuine banking and reporting documents, the full amount of the reported project expenditure of the NGO remained unsubstantiated. OIOS issued the investigation report in June 2016. In response to the recommendations of OIOS, the Office for the Coordination of Humanitarian Affairs confirmed that the NGO had been declared ineligible for funding from the Somalia Common Humanitarian Fund, and that, in consultation with the Office of Legal Affairs, efforts are under way to recover unsubstantiated project funds. (*Case No. 0134/15*)

65. OIOS conducted an investigation on possible diversion of funds from the Somalia Common Humanitarian Fund by an NGO engaged to implement three humanitarian aid projects during the period 2011 to 2013. The funding totalled $1,013,106, of which $1,007,012 had been disbursed. According to the investigation, the NGO had submitted fraudulent bank documents, a portion of invoices and receipts related to project implementation expenses were fraudulent and the existence of many of the high-value project vendors could not be confirmed. The NGO did not provide OIOS with authorization for obtaining genuine banking records that would allow verification of actual project expenditure. As a result, OIOS was not able to determine the extent to which the funds of the Somalia Common Humanitarian Fund were used for project implementation. The investigation report was issued in December 2015. In response to the OIOS recommendations, the Office for the Coordination of Humanitarian Affairs confirmed that the NGO had been suspended in 2014 and was ineligible for funding from the Somalia Common Humanitarian Fund. The Office for the Coordination of Humanitarian Affairs is working with the Office of Legal Affairs on the dispute settlement process with the NGO. (*Case No. 0143/14*)

66. A Somali NGO informed the Office for the Coordination of Humanitarian Affairs that one of its employees had opened a fraudulent bank account in the name of the NGO and diverted project funds from the Somalia Common Humanitarian Fund to that account. The NGO had been engaged to implement four humanitarian aid projects totalling $848,860, of which $732,300 had been disbursed. The OIOS investigation found that the employee of the NGO had opened a bank account in the name of the NGO, without the knowledge of its management, by using stolen identity documents, and presented it as the legitimate working account of the NGO, whereupon funds from the Somalia Common Humanitarian Fund were disbursed to that account. OIOS established that $334,452 had been misappropriated through the fraudulent account. In addition, despite the claims of the NGO that the balance of funds had consisted of its own reserves and that projected activities had been implemented to a significant degree, OIOS found that $106,178 of project expenditures reported by the NGO had been fraudulently claimed or duplicated against projects funded by other donors, or remained otherwise unsubstantiated. As the Office for the Coordination of Humanitarian Affairs is still withholding $59,226 from the third project, the total loss to the Somalia Common Humanitarian Fund based on the OIOS investigation amounts to approximately $242,952. The investigation report was issued in December 2015, and the recommendations were

accepted by the Office for the Coordination of Humanitarian Affairs, which indicated that the NGO had been ineligible for funding from the Somalia Common Humanitarian Fund since July 2013. On 6 February 2016, the NGO was notified of the OIOS findings with a view to finding an amicable settlement. On 21 July 2016, the lawyer for the NGO informed the Office for the Coordination of Humanitarian Affairs that the court case against the implicated NGO employee would be continued in October 2016. It was agreed that the NGO would formally respond to the OIOS investigation with written documentation addressing the findings and documenting the legal case and follow-up. (*Case No. 0082/15*)

67. OIOS conducted investigations into various fraudulent schemes reported to have taken place on the premises of United Nations Office at Nairobi. The cases predominantly related to schemes in which staff members were complicit with individuals external to the Organization in executing fraudulent supply contracts, and/or employment offers, in exchange for facilitation fees. The OIOS investigations established that the staff members had facilitated the entry of non-United Nations parties into the complex of the Office for the sole purpose of providing the assurance that the fraudulent contracts and offers were indeed associated with the Organization. In some of those meetings, which were conducted in open areas of the complex or in meeting rooms of various United Nations agencies, the staff members invited third-party external individuals to misrepresent themselves as United Nations officials. OIOS issued the relevant investigation reports during the period January to June 2016. The recommendations for appropriate action, including referral to national authorities, are under consideration by the Office and the Office of Legal Affairs. Case No. 0569/15 is under consideration for disciplinary proceedings by the Office of Human Resources Management of the Department of Management. (*Case Nos. 0437/14, 0569/15, 0085/16*)

VI. Mandated reporting requirements

A. Capital master plan

68. In accordance with General Assembly resolution 62/87, OIOS is responsible for reporting on the activities of the Capital Master Plan Audit Section.

Audit of the closure of the capital master plan

69. The final audit of the capital master plan was conducted during the period February to April 2015. The audit was conducted to assess the adequacy and effectiveness of the Office of the Capital Master Plan governance, risk management and control processes regarding effective closure of the project. The closure of the capital master plan was initiated through the preparation of a close-out plan. The plan had a schedule of activities in priority order and full quantification of the estimated project costs for the outstanding activities as required by the liquidation manual. There were delays in clearing punch list items, which delayed the closure of all the guaranteed maximum price contracts. To facilitate their orderly closure, the Office of the Capital Master Plan agreed with the Under-Secretary-General for Management that a core team of the Office's staff would be retained until 31 October 2015 to finalize the remaining close-out activities under the auspices of

Office of Central Support Services. Adequate arrangements for the handover of documents and new systems were largely in place and the archiving plan was adequate.

International Residual Mechanism for Criminal Tribunals in Arusha

Audit of the construction of a new office facility for the International Residual Mechanism for Criminal Tribunals in Arusha

70. The International Residual Mechanism for Criminal Tribunals in Arusha established a project management team for its new $7.9 million office facility and put in place adequate oversight mechanisms for monitoring and reporting on its progress. A consulting firm supported the project management team in the appraisal, design and tendering process for the contractor and subcontractors and the day-to-day monitoring of the construction. The Mechanism satisfactorily took action to develop a procedure to outline the internal steps for processing contractor claims expeditiously and revise the project schedule to align it with the construction contract.

B. Construction of additional office facilities at the Economic Commission for Africa in Addis Ababa

71. Pursuant to General Assembly resolution 69/262, in which the Assembly emphasized the need for OIOS to examine whether the Financial Regulations and Rules and established procurement policies and procedures were complied with in constructing internal access roads and a parking facility at ECA, OIOS conducted an audit of the management of construction activities and related processes in ECA during the period from March to May 2016. The results of the audit are to be finalized by the end of July 2016 and included in the next annual report.

C. United Nations Compensation Commission

72. The Compensation Commission was created in 1991 as a subsidiary organ of the Security Council to process claims and pay compensation for losses and damages suffered as a direct result of Iraq's invasion and occupation of Kuwait. Successful claimants are paid out of the Compensation Fund, which receives 5 per cent of Iraqi oil export revenues.

73. In December 2014, the Governing Council of the United Nations Compensation Commission adopted its decision 272, to postpone deposits to the Compensation Fund until January 2016. In October 2015, the Governing Council adopted decision 273, to postpone the deposits to the Compensation Fund for one more year, to January 2017. As a result of those decisions, no payments were made during 2015 and 2016. Consequently, no audit work was done during that period. OIOS plans to conduct a follow-up audit of liquidation preparedness in December 2016.